

RESOLUTION NO. 3764

A RESOLUTION ADOPTING A POLICY REGARDING THE CITY'S  
BASIS FOR CALCULATING BENEFITS  
FOR THE CITY OF NEWPORT EMPLOYEE'S RETIREMENT PLAN

WHEREAS, the City of Newport is responsible to its employees for the care and management of the City of Newport Employee's Retirement Plan; and

WHEREAS, the city must develop a policy that provides consistent benefit calculation methods for employees retiring from the city; and

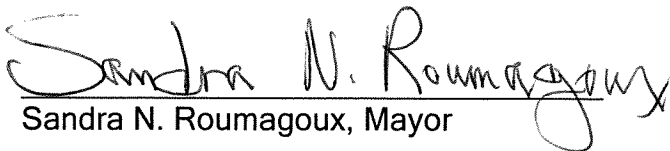
WHEREAS, the city's retirement system obligations to its employees must adhere to numerous laws and regulations; and

WHEREAS, the Basis for Calculating Benefits for the City of Newport Employee's Retirement Plan policy, attached as Attachment A, is designed to ensure a consistent basis for calculating benefits for employees in the City of Newport Employee's Retirement Plan.

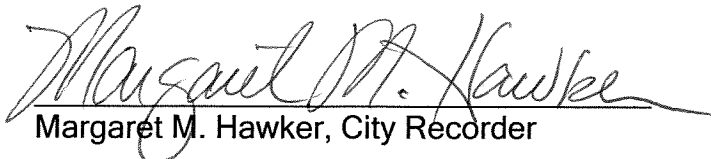
THE CITY OF NEWPORT RESOLVES AS FOLLOWS: the attached Basis for Calculating Benefits for the City of Newport Employee's Retirement Plan Policy (Attachment A) is hereby adopted.

This resolution will become effective immediately upon passage.

Adopted by the Newport City Council on October 17, 2016

  
Sandra N. Roumagoux, Mayor

ATTEST:

  
Margaret M. Hawker, City Recorder

## ATTACHMENT A

### POLICY REGARDING THE BASIS FOR CALCULATING BENEFITS FOR THE CITY OF NEWPORT EMPLOYEES' RETIREMENT PLAN

- A. Normal Retirement Basic Benefit (Monthly Annuity). Normal Retirement, Basic Benefit is a life-time annuity. This annuity is based on the formula in Section 5 of this plan description. There are three components that are included in this calculation, which are a Defined Benefit, an annuity equal in value to the balance of the Money Purchase, and an annuity equal to the balance of the Voluntary Contributions, if any, paid into the system. All calculations, and final annuity calculations, will be based on the latest valuation available at time of retirement, any additional city contributions made into the Money Purchase account since the last Plan Year valuation, and any Voluntary Employee contributions made since the last valuation.
- B. Single-Sum Cash Payment. Employees may request a Single-Sum Cash Payment for the Defined Benefit, Money Purchase, and/or Voluntary Employee Contribution portions of their retirement. The actuarial equivalency of the Defined Benefit shall be calculated in accordance with 12.09 of the Employees' Retirement Plan and shall not accrue any additional gains or losses at the time of payout. The Money Purchase account and the Voluntary Employee Contribution shall be paid out based on 85% of the most recent valuation for the employee's account(s) as soon as possible following the employee's retirement. Any residual amounts from the time of the last valuation, up to the date of retirement, will be paid out in a second check based on the valuation that will be completed for the year ending June 30, following the employee's retirement date. This calculation will include any gains or losses through the June 30 valuation on the employee's residual amounts as well. This check will be paid out, on or around November 1. If the valuation of the Money Purchase Account and Voluntary Employee Contributions indicate a loss of value greater than the residual amount, the pension fund will absorb this loss with no additional payment being made to the retired employee.
- C. Notification to the Plan Administrator. Upon notification to the Plan Administrator by the employee of an intent to retire, the Administrator may direct the investment manager to transfer estimated funds into a stable account to reduce potential volatility of the market on that individual's retirement funds.